

**Fairplain Township
Montcalm County, Michigan**

**Financial Statements
With Supplemental Information
March 31, 2008**

Auditing Procedures Report

Instructions and MuniCodes

=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name	Fairplain Township	County	MONTCALM	Type	TOWNSHIP	MuniCode	59-1-100
Opinion Date-Use Calendar	Oct 6, 2008	Audit Submitted-Use Calendar	Oct 6, 2008	Fiscal Year End Month	03	Fiscal Year	2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

- ☒ ☐ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ ☐ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☒ ☐ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ ☐ 4. Is this unit in compliance with the Uniform Chart of Accounts Issued by the Department of Treasury?
- ☒ ☐ 5. Did the local unit adopt a budget for all required funds?
- ☒ ☐ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ ☐ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ ☐ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ ☐ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ ☐ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ ☐ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☒ ☐ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ ☐ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
- ☒ ☐ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ ☐ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☒ ☐ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☒ ☐ 18. Are there reported deficiencies? ☒ 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 187,782.00
General Fund Expenditure:	<input type="checkbox"/> \$ 161,078.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 254,517.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)	Steven	Last Name	Thompson	Ten Digit License Number			1101012375		
CPA Street Address	356 E. Main	City	Saranac	State	MI	Zip Code	48881	Telephone	+1 (616) 642-9467
CPA Firm Name	Biggs, Hausserman, Thoms	Unit's Street Address	8383 Grow Road			Unit's City	Greenville	Unit's Zip	48838

Fairplain Township

March 31, 2008

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Independent Auditor's Report



Biggs, Hausserman, Thompson & Dickinson P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board
Fairplain Township
Montcalm County, Michigan

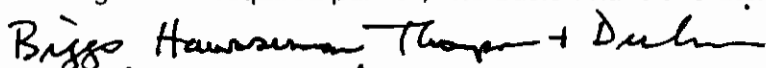
We have audited the accompanying financial statements of the governmental activities of Fairplain Township as of and for the year ended March 31, 2008, which comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fairplain Township management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Fairplain Township as of March 31, 2008, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information identified in the table of contents is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The Township has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not a required part of, the basic financial statements.



BIGGS, HAUSSERMAN, THOMPSON & DICKINSON, P.C.
Certified Public Accountants

October 6, 2008

Government – Wide Financial Statements

FAIRPLAIN TOWNSHIP
Statement of Net Assets
March 31, 2008

	Governmental Activities
Assets	
Current Assets	
Cash	\$ 211,266
Due from other governments	19,619
Property taxes receivable	<u>42,913</u>
Total Current Assets	273,798
Noncurrent Assets	
Capital assets	125,047
Less: accumulated depreciation	<u>(102,425)</u>
Total noncurrent assets	<u>22,622</u>
Total Assets	<u><u>\$ 296,420</u></u>
Liabilities	
Liabilities	
Due to other governments	<u>\$ 622</u>
Total Liabilities	<u>622</u>
Net Assets	
Investment in capital assets- net of related debt	22,622
Restricted-perpetual care	18,659
Unrestricted	<u>254,517</u>
Total Net Assets	<u><u>\$ 295,798</u></u>
Total Liabilities and Net Assets	<u><u>\$ 296,420</u></u>

FAIRPLAIN TOWNSHIP
Statement of Activities
March 31, 2008

		Program Revenues		Governmental Activities
	Expenses	Charges for Service	Operating Grants	Net (Expenses) Revenues and Changes in Net Assets
Functions/Programs				
Primary Government-				
Governmental activities:				
Legislative board	\$ 15,045	\$ 0	\$ 0	\$ (15,045)
General government	44,659	5,839	0	(38,820)
Public safety	11,500	0	0	(11,500)
Public works	85,652	0	0	(85,652)
Other functions	4,222	0	0	(4,222)
Total governmental activities	\$ 161,078	\$ 5,839	\$ 0	(155,239)
Property Taxes				48,282
State shared revenue				128,160
Interest and rents				5,680
Other revenue				539
Total general revenues				182,661
Changes in Net Assets				27,422
Net Assets- Beginning of year				268,376
Net Assets-End of year				\$ 295,798

Fund Financial Statements

FAIRPLAIN TOWNSHIP
Balance Sheet- Governmental Funds
March 31, 2008

	Governmental Fund Types		Total (Memorandum Only)
	General	Other Nonmajor	
Assets			
Cash	\$ 193,352	\$ 17,914	\$ 211,266
Due from other funds	0	745	745
Due from other governmental units	19,619	0	19,619
Property taxes receivable	42,913	0	42,913
Capital charges receivable	0	0	0
Fixed assets	0	0	0
Total assets	<u>\$ 255,884</u>	<u>\$ 18,659</u>	<u>\$ 274,543</u>
Liabilities and Fund Equity			
Liabilities			
Due to other funds	\$ 745	\$ 0	\$ 745
Due to other governmental units	622	0	622
Total liabilities	1,367	0	1,367
Fund Equity			
Restricted Fund Balance	0	18,659	18,659
Unrestricted Fund Balance	254,517	0	254,517
Total fund equity	<u>254,517</u>	<u>18,659</u>	<u>273,176</u>
Total liabilities and fund equity	<u>\$ 255,884</u>	<u>\$ 18,659</u>	<u>\$ 274,543</u>

FAIRPLAIN TOWNSHIP
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds to Net Assets
March 31, 2008

Total fund Balances- Governmental Funds	\$ 273,176
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Amounts reported for governmental activities
in the statement of net assets are different because:

Capital assets used in government activities
are not financial resources, and are not reported in the funds

Capital assets cost:	125,047	
Accumulated depreciation:	<u>(102,425)</u>	
Net Capital Assets		<u>22,622</u>

Net Assets of Governmental Activities	<u>\$ 295,798</u>
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FAIRPLAIN TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds
Year Ended March 31, 2008

	Governmental Fund Type		
	General	Other Nonmajor- Cemetery Perpetual Care	Totals (Memorandum Only)
Revenues			
Taxes	\$ 48,282	\$ 0	\$ 48,282
State shared revenue	128,160	0	128,160
Charges for services	5,704	0	5,704
Lot sales	135	0	135
Interest	5,052	628	5,680
Other revenue	449	90	539
Total revenues	187,782	718	188,500
Expenditures			
Current			
Legislative board	15,045	0	15,045
General government	44,659	0	44,659
Public safety	11,500	0	11,500
Public works	85,652	0	85,652
Other functions	4,222	0	4,222
Total expenditures	161,078	0	161,078
Excess (deficiency) of revenues over expenditures	26,704	718	27,422
Other financing sources (uses)			
Operating transfers in (out)	628	(628)	0
Excess (deficiency) of revenues over expenditures and other sources (uses)	27,332	90	27,422
Fund balance at beginning of year	227,185	18,569	245,754
Fund balance at end of year	\$ 254,517	\$ 18,659	\$ 273,176

FAIRPLAIN TOWNSHIP
Statement of Net Assets
Tax Collection Fund
March 31, 2008

ASSETS	Current Tax
Cash and pooled investments	\$ 43,697
Total assets	<u>\$ 43,697</u>
LIABILITIES	
Accounts payable	\$ 43,697
Total Liabilities	<u>43,697</u>
NET ASSETS	
Unrestricted	<u>0</u>
Total net assets	<u>\$ 0</u>

FAIRPLAIN TOWNSHIP
Notes to the Financial Statements
March 31, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accounting policies of Fairplain Township conform to generally accepted accounting principles, as described below, as applicable to governments. The following is a summary of the more significant policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

FAIRPLAIN TOWNSHIP
Notes to the Financial Statements
March 31, 2008

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service, landfill remediation and compensated absences expenditures are recorded only when payment is due.

The government reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Township reports the following fund types:

The *Permanent Trust Fund* is used to account for the corpus of the cemetery trust which provides funding for cemetery maintenance activities.

The *Agency Fund* is used to account for assets held by the Township in a trustee or agency capacity on behalf of outside parties, including other governments.

FAIRPLAIN TOWNSHIP
Notes to the Financial Statements
March 31, 2008

Assets, Liabilities, and Net Assets or Equity

Bank Deposits—Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Receivables—All delinquent taxes receivable are turned over to Montcalm County for collection. No taxes receivables are considered uncollectible.

Capital Assets—Capital Assets, which include property, plant and equipment, are reported in the applicable governmental-type activities column in the financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

Fund Equity—In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

FAIRPLAIN TOWNSHIP
Notes to the Financial Statements
March 31, 2008

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information—Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Excess of Expenditures Over Appropriations in Budgeted Funds—During the year, the Township did not incur expenditures in certain budgeted funds which were in excess of the amounts appropriated.

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Township is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated two banks and for the deposit of funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At March 31, 2008, deposits and investments were reported in the basic financial statements in the following categories: Cash and cash equivalents.

All deposits and investments are bank deposits (checking and savings accounts, certificates of deposit).

Deposits are carried at cost. The balance of all cash and cash equivalents at March 31, 2008, is \$211,266, of which \$117,314 is covered by F.D.I.C. insurance.

FAIRPLAIN TOWNSHIP
Notes to the Financial Statements
March 31, 2008

Note 3 –CAPITAL ASSETS

Capital asset activity of Fairplain Township for the year ended March 31, 2008 was as follows:

	Balance April 1, 2007	Additions	Disposals and Adjustments	Balance March 31, 2008
Assets not being depreciated:				
Land	\$ 22,622	\$ 0	\$ 0	\$ 22,622
Capital assets being depreciated:				
Buildings	90,898	0	0	90,898
Equipment	11,527	0	0	11,527
Subtotal	102,425	0	0	102,425
Accumulated depreciaton:				
Buildings	90,898	0	0	90,898
Equipment	11,527	0	0	11,527
Subtotal	102,425	0	0	102,425
Net capital assets being depreciated	0	0	0	0
Net capital assets	\$ 22,622	\$ 0	\$ 0	\$ 22,622

FAIRPLAIN TOWNSHIP
Notes to the Financial Statements
March 31, 2008

NOTE 4 – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (worker's compensation), and natural disasters. The Township has purchased commercial insurance to cover these risks of losses. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 5 – OTHER POST-EMPLOYMENT BENEFITS

The Township has no post-retirement benefit plans.

Required Supplemental Information

FAIRPLAIN TOWNSHIP
Budgetary Comparison Schedule
General Fund
Year Ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	\$ 40,000	\$ 40,000	\$ 48,282	\$ 8,282
State grants	125,000	125,000	128,160	3,160
Charges for services	2,500	2,500	5,704	3,204
Interest	0	0	5,052	5,052
Lot sales	0	0	135	135
Other revenue	3,000	3,000	449	(2,551)
Total revenues	170,500	170,500	187,782	17,282
Expenditures				
Legislative board	32,600	32,600	15,045	17,555
General government	55,720	55,720	44,659	11,061
Public safety	12,000	12,000	11,500	500
Public works	102,500	102,500	85,652	16,848
Other functions	26,500	26,500	4,222	22,278
Total expenditures	229,320	229,320	161,078	68,242
Excess (deficiency) of revenues over expenditures	(58,820)	(58,820)	26,704	85,524
Other financing sources (uses)				
Operating transfers in (out)	0	0	628	628
Excess (deficiency) of revenues over expenditures and other sources (uses)	\$ (58,820)	\$ (58,820)	27,332	\$ 86,152
Fund balance, beginning of year			227,185	
Fund balance, end of year			\$ 254,517	

Other Supplemental Information

FAIRPLAIN TOWNSHIP
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Tax Collection Fund
Year Ended March 31, 2008

	<u>April 01, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>March 31, 2008</u>
Assets				
Cash	<u>\$ 41,040</u>	<u>\$ 1,099,051</u>	<u>\$ 1,096,394</u>	<u>\$ 43,697</u>
Total Assets	<u><u>\$ 41,040</u></u>	<u><u>\$ 1,099,051</u></u>	<u><u>\$ 1,096,394</u></u>	<u><u>\$ 43,697</u></u>
Liabilities				
Taxes Payable	<u>\$ 41,040</u>	<u>\$ 51,260</u>	<u>\$ 48,603</u>	<u>\$ 43,697</u>
Due to other governments	<u>0</u>	<u>1,047,791</u>	<u>1,047,791</u>	<u>0</u>
Total Liabilities	<u><u>\$ 41,040</u></u>	<u><u>\$ 1,099,051</u></u>	<u><u>\$ 1,096,394</u></u>	<u><u>\$ 43,697</u></u>



Biggs, Hausserman, Thompson & Dickinson P.C.
Certified Public Accountants

To the Board of Directors
Fairplain Township
Montcalm County, Michigan

We have audited the financial statements of the business-type activities of Fairplain Township for the year ended March 31, 2008, and have issued our report thereon dated October 6, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 3, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fairplain Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

Receivables were not recorded at the end of the fiscal year for the year ended March 31, 2008.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 6, 2008.

Management Consultations with Other Independent Accountants

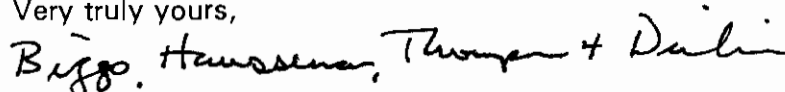
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors.

This information is intended solely for the use of the Board of Directors and management of Fairplain Township and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Biggs, Hausserman, Thompson & Dickinson". The signature is written in a cursive, flowing style.

Biggs, Hausserman, Thompson & Dickinson, P.C.

October 6, 2008



Biggs, Hausserman, Thompson & Dickinson P.C.

Certified Public Accountants

To the Board of Directors
Fairplain Township
Montcalm County, Michigan

In planning and performing our audit of the financial statements of the business-type activities of Fairplain Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Fairplain Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Governmental Unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the Governmental Unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

Fairplain Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record certain revenue and expenditure accruals and to present financial statement disclosures.

The Township has determined that any benefits derived from eliminating the above deficiency would not exceed or justify the costs to do so.

This communication is intended solely for the information and use of management, the board of directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Biggs, Hausserman, Thompson + Dickinson

Biggs, Hausserman, Thompson, & Dickinson, P.C.

October 6, 2008